

**OVERBERG  
DISTRICT MUNICIPALITY**



**ANNUAL  
FINANCIAL STATEMENTS**

**30 JUNE 2009**

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## General Information

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<b>Nature of business and principal activities</b>	Overberg Municipality is a district municipality performing the functions as set out in the Constitution, (Act no 105 of 1996).
<b>Mayoral committee</b>	
Executive Mayor	M N Gillion W J October M Dennis I Stevens
<b>Councillors</b>	V E Manilla J C October N Botha J Januario P T Poni L D Oosthuizen J Kriel D F Du Toit A E Franken A H Van Brakel W Smuts C Wood D Govender P H Makaza V Tulu
<b>Grading of local authority</b>	Grade B
<b>Accounting Officer</b>	G W Hermanus (Acting)
<b>Chief Finance Officer (CFO)</b>	O Mackenzie (Acting)
<b>Registered office</b>	28 Long Street Bredasdorp 7280
<b>Postal address</b>	Private Bag X22 Bredasdorp 7280
<b>Bankers</b>	Abisa
<b>Auditors</b>	Auditor General
<b>Attorneys</b>	Luttig and Son

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## General Information

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### Relevant Legislation

Municipal Finance Management Act (Act no 53 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal System Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 106 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9 - 20
Notes to the Annual Financial Statements	21 - 42

### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

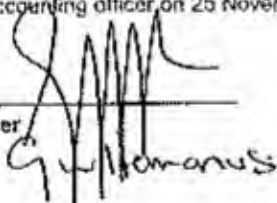
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet those responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. Those controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2010 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 42, which have been prepared on the going concern basis, were approved by the accounting officer on 25 November 2009 and were signed on its behalf by:

Accounting Officer



Bredasdorp

25 November 2009

**OVERBERG DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2009

**Statement of Financial Position**

Figures in Rand	Note(s)	2009	2008
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	11	1,034,182	1,574,742
Trade and other receivables from non-exchange transactions	13	1,559,058	5,050,187
Consumer debtors	12	167,690	133,341
Cash and cash equivalents	14	10,560,927	9,548,369
		<b>19,321,857</b>	<b>16,306,639</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	36,825,264	37,774,989
Intangible assets	9	306,208	19,926
Investments	10	119,784	142,600
		<b>37,051,256</b>	<b>37,937,515</b>
<b>Total Assets</b>		<b>56,373,113</b>	<b>54,244,154</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Long-term liability	4	2,544,135	2,367,259
Trade and other payables	5	7,660,181	4,717,359
Taxes and transfers payable	7	157,701	132,312
Unspent conditional grants and receipts	6	3,501,383	2,642,396
Employee Benefits	39	938,885	746,259
		<b>14,802,285</b>	<b>10,605,585</b>
<b>Non-Current Liabilities</b>			
Long-term liability	4	6,686,852	8,040,269
Employee Benefits	39	35,613,726	35,122,867
		<b>42,300,578</b>	<b>43,163,136</b>
<b>Total Liabilities</b>		<b>57,102,863</b>	<b>53,768,721</b>
<b>Net Assets</b>		<b>(729,750)</b>	<b>475,433</b>
<b>Net Assets</b>			
<b>Reserves</b>			
Capital replacement reserve	3	759,086	759,086
Accumulated surplus		(1,488,842)	(283,654)
<b>Total Net Assets</b>		<b>(729,756)</b>	<b>475,432</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Statement of Financial Performance

Figures in Rand	Note(s)	2009	2008
<b>Revenue</b>			
Service charges	18	4,371,979	3,577,766
Rental income		9,442,383	9,016,325
Interest received - outstanding debtors		15,993	1,535
Income from agency services		3,439,000	3,230,495
Public contributions		250	-
Licences and permits		3,720	2,610
Government grants	17	68,694,324	70,746,700
Actuarial Gains		2,268,538	-
Bad debts recovered		-	141,461
Other income	18	1,374,631	1,197,298
Interest received - investment	22	2,267,258	2,228,579
Dividends received	22	30,410	20,281
<b>Total Revenue</b>		<b>91,909,486</b>	<b>90,163,050</b>
<b>Expenditure</b>			
Employee related costs	20	(45,572,734)	(40,418,994)
Remuneration of councillors	21	(3,308,520)	(2,867,312)
Depreciation and amortisation	23	(2,937,223)	(2,986,229)
Finance costs	24	(1,669,439)	(1,415,932)
Bad Debts		(615,207)	(337,562)
Repairs and maintenance		(9,768,467)	(10,196,501)
Contracted services	26	(1,326,636)	(1,966,595)
Grants and subsidies paid	27	(838,634)	(405,646)
General Expenses	19	(27,079,794)	(28,621,748)
<b>Total Expenditure</b>		<b>(93,114,074)</b>	<b>(89,216,510)</b>
<b>(Deficit) surplus for the year</b>		<b>(1,205,188)</b>	<b>946,531</b>



OVERBERG DISTRICT MUNICIPALITY  
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self- Insurance Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R
<b>2008</b>									
Balance at 30 June 2007	-	759,086	-	6,555,922	530,865	-	-	14,831,780	23,077,593
Change in Accounting Policy - Reserves (Note 2)	-	-	-	-6,955,922	-530,865	-	-	7,488,727	-31,993,611
Change in Accounting Policy - Provisions (Note 2)	-	-	-	-	-	-	-	-31,993,611	-31,993,611
Change in Accounting Policy - PPE (Note 2)	-	-	-	-	-	-	-	8,185,275	268,642
Correction of Error (Note 32.1)	-	-	-	-	-	-	-	258,642	268,642
Restated balance	-	759,086	-	-	-	-	-	-1,230,187	-8,667,375
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	945,534	945,534
Transfer to CRR	-	2,094,916	-	-	-	-	-	-2,094,916	-
Property, plant and equipment purchased	-	-2,094,916	-	-	-	-	-	2,094,916	-
Capital grants used to purchase PPE	-	-	-	-	-	-	-	-	-
Reclassification of Reserves	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	-
Balance at 30 June 2008	-	759,086	-	-	-	-	-	-283,653	475,434
<b>2009</b>									
Balance at 30 June 2008	-	759,086	-	-	-	-	-	-283,653	475,434
Correction of Error	-	-	-	-	-	-	-	-	-
Change in Accounting Policy	-	-	-	-	-	-	-	-	-
Restated balance	-	759,086	-	-	-	-	-	-283,653	475,434
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-1,205,188	-1,205,188
Transfer to CRR	-	519,281	-	-	-	-	-	-519,281	-
Property, plant and equipment purchased	-	-519,281	-	-	-	-	-	519,281	-
Capital grants used to purchase PPE	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	-	-	-	-	-	-	-
Balance at 30 June 2009	-	759,086	-	-	-	-	-	-1,458,841	-729,754



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Cash Flow Statement

Figures in Rand	Note(s)	2009	2008
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	15,434,701	1,583,826
Interest income		2,267,258	2,228,579
Dividends received		30,410	20,281
Finance costs		(1,669,439)	(1,415,932)
<b>Net cash from operating activities</b>		<b>16,062,930</b>	<b>2,396,753</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(7,609,710)	(2,075,492)
Purchase of other intangible assets	9	(286,937)	(19,425)
Sale of financial assets		22,816	17,112
<b>Net cash from investing activities</b>		<b>(7,873,831)</b>	<b>(2,077,805)</b>
<b>Cash flows from financing activities</b>			
Repayment of long - term liability		(1,176,541)	(2,142,296)
<b>Net cash from financing activities</b>		<b>(1,176,541)</b>	<b>(2,142,296)</b>
<b>Total cash movement for the year</b>		<b>7,012,558</b>	<b>(1,823,348)</b>
Cash at the beginning of the year		9,548,369	11,371,716
<b>Net increase (decrease) in cash and cash equivalents</b>	14	<b>16,560,927</b>	<b>9,548,368</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

#### Standard of GRAP

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible Assets
IAS 19	Employee Benefits
IAS 36	Impairment of assets
IAS 32	Financial instruments: Presentation
IAS 39	Financial instruments: Recognition and measurement
IFRS 7	Financial instruments: Disclosure
IPSAS 20	Related Parties
IPSAS 21	Impairment non-cash generating assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provision for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 5	Borrowing Costs
GRAP 12	Inventories

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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GRAP 13	Leases
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible Assets

### 1.1 Presentation of Currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

### 1.2 Going Concern Assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for the foreseeable future.

### 1.3 Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.4 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Property, Plant and Equipment (PPE)
GRAP 106	Impairment of cash-generating assets
GRAP 100	Heritage Assets

### 1.5 Translation of foreign currencies

#### Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

### 1.6 Internal Reserves

#### Capital replacement reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The CRR is reduced and the accumulated surplus/ (deficit) credited with corresponding amounts when the funds are utilised.

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.7 Leases

#### Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

#### Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 1.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

### 1.9 Unutilised conditional grants

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

### 1.10 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate, where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

### 1.11 Pension and other post-employment benefits

#### Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under those plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

#### Pension obligations

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.11 Pension and other post-employment benefits (continued)

#### Post retirement obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

#### Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

### 1.12 Property, plant and equipment

#### 1.12.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.12.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### 1.12.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.12 Property, plant and equipment (continued)

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

#### 1.12.4 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Buildings	30
Equipment	2-5
Specialist plant & equipment	10-15
Furniture and fittings	7-10
Other vehicles	5
Office equipment	5-7
Other Plant & Equipment	2-5
Specialised vehicles	20
Landfill sites	30
Bins and containers	5-10
Watercraft	15
Infrastructure	
• Roads and Paving	10-20
• Pedestrian Malls	20
• Electricity	20-30
• Water	15-20
• Sewerage	15-20
• Housing	30
Community	
• Improvements	30
• Recreational Facilities	20-30
• Security	3-5

#### 1.12.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.13 Intangible assets

#### 1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.13 Intangible assets (continued)

- It is probable that the municipality will receive future economic benefits or service potential

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.13.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 1.13.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

Computer software, other	3 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

#### 1.13.4 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Exemptions taken according to Directive 4 – Transitional Provisions for Medium and Low Capacity Municipalities.

### 1.14 Investment property

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

#### Fair value

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

#### 1.14.1 Derecognition

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.14 Investment property (continued)

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Exemptions taken according to Directive 4 – Transitional Provisions for Medium and Low Capacity Municipalities.

### 1.15 Non-current assets held-for-sale

#### 1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### 1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### 1.16 Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 1.17 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

#### 1.17.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes.

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.17 Inventories (continued)

transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### 1.17.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Exemptions taken according to Directive 4 – Transitional Provisions for Medium and Low Capacity Municipalities.

### 1.18 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - held for trading
- Held-to-maturity investment
- Loans and receivables
- Available for sale financial assets

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

**Held-to-maturity investments** are financial assets with fixed or determinable payments and fixed maturity, where the Municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

**Loans and receivables** are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

**Available-for-sale financial assets** are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market price in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

**Held-for-trading financial assets** include derivative financial instruments used by the Municipality to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

#### Initial recognition and measurement

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.18 Financial instruments (continued)

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

Financial instruments are recognised when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

#### Financial assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

#### Trade and other receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand deposits held on call with banks and investment in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on facility utilized. Finance charges on bank overdrafts are expensed as incurred.

#### Bank overdraft and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.18 Financial Instruments (continued)

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

### 1.19 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant - tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

### Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Accounting Policies

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### 1.19 Revenue from exchange transactions (continued)

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.20 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.22 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 Contingent Liabilities

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers.

Other known contingent liabilities are reflected in the financial statements.

### 1.24 Amended Disclosure Policy

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

### 1.25 Tax

The Municipality accounts for value-added tax on the payment basis.

### 1.26 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

### 1.27 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand

2009

2008

### 2. Changes in accounting policy

#### Provision for Employee Benefits

During the year, the municipality changed its accounting policy with respect to the treatment of Employee benefits and obligations, in order to conform and comply with the benchmark treatment as required of IAS19.

#### Reserves

During the year, the municipality changed its accounting policy with respect to the treatment of Reserves. The Government Grant Reserve(GGR) and the reserve for Public Donations and contribution were transferred to the balance of the Accumulated Surplus, due to the fact that no GRAP standard requires these reserves.

#### Property, plant and equipment

3.The municipality has redetermined, residual values for assets and recalculated depreciation as the useful lives of all assets has been reviewed to comply with GRAP 17.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2008 is as follows:

#### Statement of financial position

##### Property,plant and equipment

Previously stated	-	29,588,734
Determining of residual values	-	1,528,149
Depreciation recalculated due to determining of residual values and reviewing of useful lives	-	6,339,921
Assets previously recognised in Statement of Financial Performance	-	318,206
	-	<u>37,775,010</u>

##### Government Grant Reserve

Previously stated	-	(6,292,412)
Depreciation for 2008 added back	-	(863,511)
Transferred to Accumulated Surplus	-	6,955,923
	-	<u>-</u>

##### Donations and Public Contribution Reserves

Previously stated	-	(503,755)
Depreciation for 2008 added back	-	(27,050)
Transferred to Accumulated Surplus	-	530,805
	-	<u>-</u>

##### Employee Benefits - non current liability (01 July 2007)

Previously stated	-	-
Provision for Long Service Awards - 01 July 2007	-	(1,867,003)
Provision for Post Employment Health Care Benefits - 01 July 2007	-	(30,026,808)
	-	<u>(31,993,611)</u>

##### Employee Benefits - non current liability (30 June 2008)

Previously stated	-	(31,993,611)
Increase in Provision for the year(Note 39)	-	(3,129,266)
	-	<u>(35,122,867)</u>



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>2. Changes in accounting policy (continued)</b>		
<b>Statement of financial performance</b>		
<b>Actuarial Loss</b>		
Previously stated	-	-
Increase during the year	-	755,605
	<u>-</u>	<u>755,605</u>
<b>Employee Related Costs</b>		
Previously stated	-	-
Increase during the year	-	2,373,651
	<u>-</u>	<u>2,373,651</u>
<b>3. Capital replacement reserve</b>		
Balance at the beginning of the year	<u>759,086</u>	<u>759,086</u>
<b>4. Long - term liability</b>		
<b>At fair value through profit or loss</b>		
Capitalised lease liability	1,910,261	1,130,659
Annuity loans	7,320,726	9,276,869
Terms and conditions	<u>9,230,987</u>	<u>10,407,528</u>
<b>Non-current liabilities</b>		
Long - term portion	<u>8,686,852</u>	<u>8,040,269</u>
<b>Current liabilities</b>		
Short - term portion	<u>2,544,135</u>	<u>2,367,259</u>
	<u>9,230,987</u>	<u>10,407,528</u>
Refer to Appendix A for more detail on long-term liabilities.		
<b>Interest payments</b>		
Within 1 year	215,460	123,594
Rest of period	861,840	75,077
<b>Capital payments</b>		
Within 1 year	414,551	415,204
Rest of period	1,310,013	715,454
	<u>2,801,864</u>	<u>1,329,329</u>

Capitalised lease liability is secured by office equipment and motor vehicles (see note 8 on Property, Plant and Equipment)

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>5. Trade and other payables</b>		
Amounts received in advance	436,965	365,993
Accrued leave pay	2,227,603	1,824,295
Deposits received	43,366	81,775
Suspense Accounts	181,758	34,329
Trade payables	4,770,489	2,410,967
	<b>7,660,181</b>	<b>4,717,359</b>
<b>6. Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	64,244	84,364
Finance Management Grant	1,037,986	831,490
Napier Tourism Office	1,238	1,127
Local Economic Development	18,046	18,433
Non-motorised transport	6,127	5,579
Spatial development framework	753,789	686,409
SETA training fund	533,925	502,419
Tourism routes	52,112	47,454
Human rights programmes	85,847	78,173
Kogelberg Biosphere	22,011	20,391
Braemda River spatial development framework	12,108	11,026
Alcohol abuse	36,784	40,559
Tourism workshops	17,288	15,743
Tourism projects	97,677	88,946
Housing training	189,936	172,957
CDW grant	52,913	36,980
Municipal Systems Improvement Grant	497,006	-
Public Contributions	22,346	22,346
	<b>3,501,383</b>	<b>2,642,396</b>

Refer to Appendix F for Unspent Grants at year-end and movements during the year.

### 7. Taxes and transfers payable

Vat payable	157,701	132,312
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VAT is payable the following month on the receipts basis

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand

### 8. PROPERTY, PLANT AND EQUIPMENT

30 June 2009

Reconciliation of Carrying Value	Land and Buildings		Other structure		Community		Heritage		Other		Leased Assets		Investment Properties		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2008	1,458,320	17,314,994			1,771,304				15,351,262		1,114,670				37,775,010	
Cost	3,500,494	25,312,227			1,954,271				22,317,008		1,054,000				55,128,000	
Residual Value									1,317,946		210,200				1,528,146	
Correction of error (note 29)																
Revaluation																
Accumulated depreciation	-2,041,440	-7,497,303			-182,940				-4,278,746		-689,550				-18,282,139	
Cost	-2,041,440	-7,497,303			-182,940				-4,278,746		-689,550				-18,282,139	
Revaluation																
Amplification	21,363								958,752		1,997,440				3,002,555	
Depletions (Residual Value)																
Capital under Construction																
Increases/Decreases in valuation																
Depreciation	-79,068	-927,587			-41,510				-1,110,607		-751,872				-2,920,341	
Based on cost	-79,068	-927,587			-41,510				-1,110,607		-751,872				-2,920,341	
Based on revaluation																
Carrying value at transfer																
Cost/valuation																
Residual Value																
Accumulated depreciation																
Impairment losses									-967,958		-281,001				-1,248,959	
Correction of error																
	1,446,578	16,387,337			1,729,794				14,237,355		1,243,128				36,825,261	
Carrying values at 30 June 2009	1,460,410	16,387,337			1,729,794				14,237,355		1,243,128				36,825,261	
Cost	3,811,775	25,312,227			1,954,271				22,317,008		1,063,110				55,089,590	
Residual Value									1,317,946		210,200				1,528,146	
Revaluation																
Accumulated depreciation	-2,471,160	-8,924,890			-224,477				-4,079,653		-1,850,420				-21,802,477	
Cost	-2,471,160	-8,924,890			-224,477				-4,079,653		-1,850,420				-21,802,477	
Revaluation																

The leased property, plant and equipment is shown at set out in Note 3.

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

(Impairment losses for assets according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities)

The Municipality has taken advantage of the transitional provisions set out in Directive 4. The Municipality is in the process of identifying and classifying all infrastructure and community assets and other property, plant

- Review of the effect of the use of PPE recognised in the annual financial statements. (Paragraphs 59-61 and 77)
- Review of the depreciation method applied to PPE recognised in the annual financial statements. (Paragraphs 62 and 77)
- Impairment of non cash generating assets. (Paragraphs 64-68 and 75(a)(i) - (iv))
- Impairment of cash generating assets. (Paragraphs 63 and 75(a)(v) - (vi))

# B. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2003

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Leased Assets	Investment Properties	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2002	1,578,482	19,682,898	1,318,885		11,872,996	1,454,865		36,273,809
Cost		8,282,898	1,318,739		39,941,219	2,129,922		52,735,286
Change in accounting policy:								
Cost	3,290,413	15,817,817	87,146		90,768,712	174,938		1,443,143
Residual Value					1,252,940	210,200		1,463,140
Original cost re-instated					98,607			98,607
Assets not previously recognised					1,749,668			1,749,668
Accumulated depreciation	(2,011,933)	(4,960,125)	(152,110)		(7,186,307)	(510,318)		(18,557,244)
- Cost		(1,654,925)	(115,101)		(18,310,820)	(651,068)		(22,218,820)
Change in accounting policy:								
Cost/Review of useful lives	(2,011,933)	(4,848,140)	(33,009)		(12,401,313)	(190,750)		(6,995,979)
Correction of Error (Note 29)								
Leased Assets previously not recorded								
Acquisitions		700,483	488,282		1,292,743			1,819,491
Appropriation - residual value					85,500			85,500
Capital under construction								
Increases/decreases in revaluation								
Depreciation	(78,950)	(830,128)	(31,837)		(1,084,479)	(388,283)		(2,524,287)
- based on cost	(78,950)	(830,128)	(31,837)		(1,084,479)	(388,283)		(2,524,287)
- based on revaluation								
Carrying value of transfers								
Cost/valuation								
Accumulated depreciation								
Impairment losses								
Correction of error								
	1,448,924	17,811,328	1,771,224		19,234,267	1,406,578		37,776,810
Carrying values at 30 June 2003	1,448,924	17,811,328	1,771,224		15,598,292	1,386,578		32,776,038
Cost	3,550,413	25,142,427	1,884,273		22,217,096	1,804,893		55,128,999
Residual Value					1,017,940	210,200		1,228,140
Revaluations	(2,091,489)	(7,430,307)	(112,949)		(8,278,783)	(408,607)		(18,652,131)
Accumulated depreciation								
- Cost	(2,091,489)	(7,430,307)	(112,949)		(8,278,783)	(408,607)		(18,652,131)
- Revaluation								

The leased property, plant and equipment is secured as set out in Note 3.

The Municipality identified other impairments, plant and equipment, with opening balances and adjustments during the year.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

Exemptions taken for leases according to Directive 4 - Transitional Provisions in Districts and Low Capacity Municipalities

The Municipality has taken advantage of the transitional provisions set out in Directive 4. The Municipality is in the process of identifying and removing all infrastructure and community assets and other property, plant

- Review of useful life of PPE recognised in the annual financial statements. (Paragraphs 66-67 and 77)
- Review of the depreciation method applied to PPE recognised in the annual financial statements. (Paragraphs 67 and 77)
- Impairment of non-cash generating assets. (Paragraphs 84 and 25(c)(i) - (ii))
- Impairment of cash generating assets. (Paragraphs 84 and 25(c)(i) - (ii))

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand

2009

2008

### 9. Intangible assets

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Other intangible assets	651,187	(344,979)	306,208	348,022	(328,096)	19,926

#### Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Revaluations	Amortisation	Total
Other intangible assets	19,926	286,937	13,737	(14,392)	306,208

#### Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Other intangible assets	3,478	19,425	(2,977)	19,926

### 10. Investments

#### Unlisted

2 852 Shares in Overberg Agri @ R42 per share

119,784

142,600

#### Non-current assets

##### Unlisted

119,784

142,600

The municipality obtained these shares through the former Caledon Divisional Council that became part of this municipality through amalgamation with the former Divisional Council of Bredasdorp/ Swellendam on 1 July 1999. Shares are shown at fair value as at the end of each financial year.

Dividends received on these shares

4,135

20,281

### 11. Inventories

Consumable stores

1,034,182

1,574,742

**OVERBERG DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2009

**Notes to the Annual Financial Statements**

Figures in Rand

2009

2008

**12. Consumer debtors****Gross balances**

Electricity	12,101	13,361
Water	2,984	5,784
Sewerage	4,634	750
Refuse	2,383	3,046
VAT outstanding from Consumer debtors	122,710	94,639
Housing rental	70,450	41,070
Legal Fees	109,196	97,811
	<b>324,458</b>	<b>250,461</b>

**Less: Provision for bad debts**

Consumers	(156,768)	(123,120)
-----------	-----------	-----------

**Net balance**

Provision for bad debts	(156,768)	(123,120)
Electricity	12,101	13,361
Water	2,984	5,784
Sewerage	4,634	750
Refuse	2,383	3,046
VAT outstanding from Consumer debtors	122,710	94,639
Housing rental	70,450	41,070
Legal Fees	109,196	97,811
	<b>167,690</b>	<b>133,341</b>

**Provision for Bad debts**

0 -365 days	(156,768)	(123,120)
-------------	-----------	-----------

**Electricity**

Current (0 -30 days)	3,227	9,583
31 - 60 days	1,091	2,367
61 - 90 days	346	-
90 > Days	7,437	1,411
	<b>12,101</b>	<b>13,361</b>

**Water**

Current (0 -30 days)	609	3,481
31 - 60 days	254	1,653
61 - 90 days	985	-
90 > Days	1,136	650
	<b>2,984</b>	<b>5,784</b>

**Sewerage**

Current (0 -30 days)	732	341
31 - 60 days	549	171
61 - 90 days	549	-
90 > Days	2,804	238
	<b>4,634</b>	<b>750</b>

**Refuse**

Current (0 -30 days)	616	2,326
31 - 60 days	209	656
61 - 90 days	113	-
90 > Days	1,445	64

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>12. Consumer debtors (continued)</b>		
	<u>2,383</u>	<u>3,046</u>
<b>Vat outstanding from Consumer debtors</b>		
0 - 365 days	<u>122,710</u>	<u>94,639</u>
<b>Housing rental</b>		
Current (0 -30 days)	40,117	23,387
31 - 60 days	9,507	6,542
90 > Days	<u>20,826</u>	<u>12,141</u>
	<u>70,450</u>	<u>41,070</u>
<b>Legal Fees</b>		
0 -365 days	<u>109,196</u>	<u>97,811</u>
<b>Summary of debtors by customer classification</b>		
<b>Less: Provision for debt impairment</b>		
Current	<u>(156,768)</u>	<u>(123,120)</u>
<b>Debt Summary</b>		
Balance at beginning of the year	324,458	256,461
Provision of Bad debts	<u>(156,768)</u>	<u>(123,120)</u>
	<u>167,690</u>	<u>133,341</u>



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand

2009

2008

### 13. Trade and other receivables from non exchange transactions

District Council Levies	229,797	483,837
Suspense account debits	394,192	204,836
Postponed payments	335,562	335,562
Agency Function - Provincial Health Services: Elec	3,874	3,874
Agency Function - Provincial Roads	-	2,660,876
Sundry debtors	1,512,753	1,696,764
Less: provision for bad debt	(917,120)	(335,562)
	<u>1,559,056</u>	<u>5,050,187</u>

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,490	3,120
Bank balances	10,972,239	4,545,249
Call Investment Deposit	5,585,198	5,000,000
	<u>16,560,927</u>	<u>9,548,369</u>

The municipality had the following primary bank account

Account number / description	Bank statement balances			Cash book balances		
	30 June 2009	30 June 2008	30 June 2007	30 June 2009	30 June 2008	30 June 2007
Primary Bank Account - ABSA BANK - 178 0000 082	11,659,356	6,173,307	2,338,023	10,972,239	4,545,249	1,368,596
Call Investment Deposit ABSA BANK - 918 7219 975	5,585,198	5,047,290	-	5,585,198	5,000,000	-
<b>Total</b>	<b>17,244,554</b>	<b>11,220,597</b>	<b>2,338,023</b>	<b>16,557,437</b>	<b>9,545,249</b>	<b>1,368,596</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>15. Revenue</b>		
Rendering of services	4,371,979	3,577,766
Rental Income	9,442,383	9,016,325
Interest received	16,993	1,535
Income from agency services	3,439,000	3,230,495
Public contributions	250	-
Licences and permits	3,720	2,610
Government grants	68,694,324	70,746,700
Actuarial Gains	2,268,538	-
	<b>88,237,187</b>	<b>86,575,431</b>
<b>16. Service charges</b>		
Sale of water/electricity	223,568	220,522
Sewerage and sanitation charges	11,857	46,600
Refuse removal	2,218,554	1,704,399
Cost Recover	1,918,000	1,606,245
	<b>4,371,979</b>	<b>3,577,766</b>
<b>17. Government grants and subsidies</b>		
Alcohol abuse	3,775	-
Financial Management Grant	293,504	754,071
Municipal Systems Improvement Grant	237,994	1,000,000
Seta Training Fund	125,149	57,015
Municipal Infrastructure Grant	3,120	2,755,556
Equitable Share	32,962,961	28,070,580
Councillor Allowances	822,000	714,000
Kogelberg Biosphere	-	97,347
CDW Funds	36,980	30,742
Human Right Projects	-	56,427
Global Funds	1,311,419	1,963,840
Umsobonvu Funds	-	24,422
Fire Fighting ABI Contributions	-	200,000
IPAWK Subsidy	32,337,422	35,021,820
Management Support Grants	560,000	-
	<b>68,694,324</b>	<b>70,746,700</b>

## OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

### Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>16. Other Income</b>		
Breakages Recovered	4,042	3,760
Fire Fighting	22,045	8,674
Resort Picnic Fees	74,211	76,621
Inspection Fees	49,849	43,508
Inspection KM Fees	14,614	14,665
Card/Key fees	-	553
Building Plan Copies	106	178
Pont Money	69,310	77,965
Cost Recovered	187,181	351,899
Valuation Certificate	-	50
Insurance Money Recovered	75,479	28,411
Electricity Connections	327	420
Data Bank	347,244	120,840
Sundry Income	337,867	166,464
Administration Cost	192,356	303,290
	<b>1,374,631</b>	<b>1,197,298</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>19. General expenses</b>		
Audit Committee compensation	39,663	23,761
Advertising	216,603	114,037
Assessment rates & municipal charges	257,385	527,773
Auditors remuneration	825,941	814,068
Bank charges	98,143	95,642
Cleaning	83,634	78,649
Consulting and professional fees	666,241	226,905
Loss on Sale of Fix Assets	564,486	-
Actuarial Loss	-	755,605
Personnel Entertainment	45,928	35,968
Flowers	10,735	4,749
Deforestation	68,500	25,632
Insurance	317,438	431,979
Community development and training	118,758	169,965
Public Functions and Demonstration	50,203	29,172
IT expenses	27,318	34,453
Lease rentals on operating lease	680,194	410,138
Marketing	23,136	-
IDP Projects	500,600	-
Medical expenses	564	434
Motor vehicle expenses	1,056,381	1,042,464
Pest control	822	80
Fuel and oil	6,746,745	5,808,647
Placement fees	102,691	189,350
Printing and stationery	356,524	322,747
Travel Cost Global Fund	4,893	12,347
Security (Guarding of municipal property)	406,771	341,315
Staff welfare	47,474	95,865
Subscriptions and membership fees	146,565	119,132
Telephone and fax	1,592,155	1,472,872
Training	41,604	53,946
Travel - local	423,988	293,367
Title deed search fees	-	2,562
Electricity	885,167	734,173
Sewerage and waste disposal	164,967	144,267
Water	334,566	108,331
Uniforms	170,509	255,648
Conditional grant expenses	3,111,535	5,483,442
Fair value loss	22,816	17,112
Plant/vehicle rental	-	3,880,241
Standby Chopper	817,834	491,800
Pensioners	2,029,790	1,967,447
Special Projects	2,446,917	478,294
Indirect Cost	294,818	296,298
Chemicals	9,761	9,870
Sundries	1,251,533	1,121,221
	<b>27,079,794</b>	<b>28,621,748</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>20. Employee related costs</b>		
Basic	27,220,810	23,006,516
Bonus	2,002,662	1,877,781
Medical aid - company contributions	1,750,577	1,721,979
UIF	266,890	244,209
WCA	291,269	163,967
SDL	292,409	254,331
Other payroll levies	13,214	12,238
Leave pay provision charge	713,052	625,114
Post-employment benefits - Pension - Defined contribution plan	3,015,816	2,670,992
Travel, motor car, accommodation, subsistence and other allowances	1,830,854	1,208,661
Overtime payments	1,755,197	1,292,016
Long-service awards	160,825	171,370
Housing benefits and allowances	411,520	353,087
Provision for Post Retirement Health Benefits	2,416,340	2,150,879
Wages	951,521	1,482,834
Provision for Bonus	192,626	746,259
Group Insurance	495,778	452,754
Provident Fund	1,014,029	998,532
Uniform Allowance	-	1,246
Provision for Long Service Awards	344,057	222,772
Other Allowances	433,686	381,457
	<b>45,572,734</b>	<b>40,418,994</b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	200,822	408,000
Travel, motor car, accommodation, subsistence and other allowances	1,088,945	153,565
Contributions to UIF, Medical and Pension Funds	41,985	105,365
	<b>1,331,752</b>	<b>666,930</b>
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	422,400	67,658
Performance and other bonuses	128,632	-
Travel, motor car, accommodation, subsistence and other allowances	202,216	88,240
Contributions to UIF, Medical and Pension Funds	114,607	16,161
	<b>867,855</b>	<b>172,065</b>
<b>Director - Technical Services</b>		
Annual remuneration	422,400	67,658
Performance and other bonuses	148,275	-
Travel, motor car, accommodation, subsistence and other allowances	237,826	60,021
Contributions to UIF, Medical and Pension Funds	105,779	41,857
Acting allowance as Municipal Manager	90,804	-
	<b>1,005,084</b>	<b>169,536</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>21. Remuneration of councillors</b>		
Councillors	<u>3,306,520</u>	<u>2,867,312</u>
<b>In-kind benefits</b>		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
<b>Summary</b>		
Executive Mayor	337,749	271,479
Deputy Executive Mayor	288,075	272,808
Speaker	316,162	266,350
Executive Committee Members	611,460	557,890
Councillors	853,425	542,494
Councillors' pension and medical aid contributions	166,981	158,097
Councillors' allowances	932,668	798,194
	<u>3,306,520</u>	<u>2,867,312</u>
<b>22. Investment revenue</b>		
<b>Dividend revenue</b>		
Overberg Agri	<u>30,410</u>	<u>20,281</u>
<b>Interest revenue</b>		
Bank	<u>2,267,258</u>	<u>2,228,570</u>
	<u>2,297,668</u>	<u>2,248,860</u>
<b>23. Depreciation and amortisation</b>		
Property, plant and equipment	<u>2,937,223</u>	<u>2,986,229</u>
<b>24. Finance costs</b>		
Non-current borrowings	1,010,067	1,241,037
Bank	319,456	-
Leases	339,916	174,895
	<u>1,669,439</u>	<u>1,415,932</u>
<b>25. Auditors' remuneration</b>		
Fees	<u>825,941</u>	<u>814,068</u>
<b>Auditors Remuneration</b>		
Current year audit fee	825,941	814,068
Amount paid - current year	<u>(825,941)</u>	<u>(814,068)</u>
	<u>-</u>	<u>-</u>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>26. Contracted Services</b>		
Overberg Tourism	-	994,501
Millenium Waste Management	1,326,636	972,094
	<u>1,326,636</u>	<u>1,966,595</u>
<b>27. Grants and subsidies paid</b>		
<b>Grants paid to External organisations</b>		
Total grants and subsidies paid	<u>838,634</u>	<u>405,646</u>
<b>Other subsidies</b>		
Total grants and subsidies paid	<u>838,634</u>	<u>405,646</u>
<b>Grants to External Organisations</b>		
Swellendam Bursary Fund	-	20,000
Riviersonderend Primary School	-	20,000
Cape Agulhas Football Association	-	7,334
SAFA Overberg	-	5,400
Youth Leadership Camp	-	16,340
Greyton Primary School	-	20,000
Overstrand Development Trust	-	23,220
IKAMVA Youth	-	2,000
Victoria Service Centre	-	10,000
Liefdesnasia	7,000	1,800
Child Welfare Broedersdorp	-	5,000
Hawston Health and Welfare	-	5,000
Albert Myburgh School	-	2,500
Agri Mega	-	40,000
Getuksoord Club for the Aged	-	5,000
Groenberg Secondary School	-	25,000
Hermanus High School	-	25,000
Firo Victims Grabouw	-	5,925
ID Campaign Grabouw	-	480
Mispah School	6,000	7,000
Exploration Studies Airport	-	158,647
Swellengrebel Hotel	8,400	-
D Bogenhagen	6,000	-
Groentland Funeral services	2,400	-
Lukhanyo Primary School	2,000	-
Hermanus Hospital Board	1,500	-
Home Destroyers Football Club	6,500	-
Hawston Secondary School	4,250	-
Sjechinah Ministries	173,000	-
Wieggen and Waggen School	4,000	-
Suidster/Bojaarde Klub	4,000	-
Kindersorg Napier	6,000	-
De Rust Primary School	3,000	-
Langezaan Soccer Klub	4,000	-
Struisbaai Speelskool	6,000	-
Struisbaai Rugby Klub	3,000	-
LBA Productions	850	-
Uzenzele Development Organisation	12,000	-
Cape Agulhas Communication	7,000	-
Nompumelelo Creche	12,000	-
Apostolic Faith Mission	7,400	-
Oase Dierssentrum	5,000	-
GGV Disability Forum	3,000	-
Oyukayibambe Youth	60,000	-



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>27. Grants and subsidies paid (continued)</b>		
Marindas Shuttle	3,116	-
Shalom Ministries	5,000	-
Word Tech Ministries	7,000	-
Masizane Smart Women Centre	30,000	-
Hawston Primary School	2,000	-
Riversonderend Primary School	5,000	-
Community Police Forum	5,000	-
Pep Stores	6,058	-
Boiaad Krieket	23,600	-
Volle Evangelie Kerk	10,000	-
Overberg Marine	260	-
Nant's Itombi	40,000	-
Dennegeur Primary School	15,000	-
Bredasdorp Muslim Society	20,000	-
Child Welfare	21,800	-
Riversonderend Rugby Club	15,000	-
Sea Hawks Rugby Club	20,000	-
St Johns Primary School	10,000	-
Malagas Inwoners Vereniging	20,000	-
Caledon Dart Club	7,500	-
Swellendam Advice Development Centre	30,000	-
Zwelihle RDP	30,000	-
Intsika Brickmaking	40,000	-
Caledon Cricket Club	7,500	-
Griekwa Vereniging	30,000	-
Sakhisizwe Skills Development Centre	20,000	-
Rangers Rugby Club	15,000	-
Indlezana Resource Development Centre	30,000	-
University of Stellenbosch	6,500	-
Teslaarsdal Primary School	5,000	-
Kersgat Guest Farm	2,000	-
Kaap Agulhas Rugbyfees	2,000	-
	<b>838,634</b>	<b>405,646</b>
<b>28. Cash generated from operations</b>		
(Deficit) surplus before taxation	(1,205,188)	946,531
<b>Adjustments for:</b>		
Depreciation and amortisation	2,937,223	2,986,229
Dividends received	(30,410)	(20,281)
Interest received	(2,267,258)	(2,228,579)
Finance costs	1,669,439	1,415,932
Movements in provisions	693,485	746,260
Movements in Property, plant and equipment	5,822,872	-
Movement in Provision for Retirement Benefits	-	3,129,260
<b>Changes in working capital:</b>		
Inventories	540,560	(524,017)
Trade and other receivables from non exchange transactions	3,491,129	(2,129,843)
Consumer debtors	(34,349)	(48,559)
Trade and other payables	2,942,822	1,443,545
VAT	25,389	(13,840)
Unspent conditional grants and receipts	856,987	(4,139,013)
	<b>15,434,701</b>	<b>1,563,825</b>

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand

2009

2008

### 29. Contingencies

#### CONTINGENT LIABILITY

a Claim of R37 088 was made against the municipality by Mr FP Lotter. He claimed his car was damaged, because of the negligence of an ODM employee.

a Claim of R660 000 was made against the municipality by the widow of mnr A Eksteen who was killed when his car ran into a ditch caused by a flood. a Settlement agreement R120 000 was reached between the two parties. Legal cost exposure was R70 000.

Fijnbosch Farm CC and R Hanef instituted a claim against the municipality of R131 000 for alleged damages suffered in a veld fire. Estimated legal cost exposure R20 000

#### CONTINGENT ASSET

The Municipality is not aware of any contingent assets

### 30. Related parties

#### Relationships

Compensation to members of key management

Refer to note 20

Compensation to councillors

Refer to note 21

#### Key information

The following persons having the authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly:

The Executive Mayor, The Speaker, Mayoral committee members, The Accounting Officer, The Director for Technical Services and the Chief Financial Officer

### 31. Prior period errors and adjustments

1.RSC Levies to the value of R234 729 received during 2008/2009 were credited to the opening balance of the accumulated surplus of 01 July 2007

2.Outstanding Medical payments received, regarding the previous year, were credited to the opening balance of the accumulated surplus of 01 July 2003.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Trade and other receivables from non exchange transactions	-	5,050,187
--	---	-----------

#### Trade and other receivables from non exchange transactions

Balance previously reported	-	4,791,544
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RSC levies not previously recognised	-	234,729
--------------------------------------	---	---------

Medical debt from pensionary not previously recognised	-	23,913
--	---	--------

<b>Restated Balance</b>	<b>-</b>	<b>5,050,186</b>
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#### 31.1 Reconciliation of Accumulated Surplus

##### Accumulated Surplus

Balance previously reported	-	19,598,131
-----------------------------	---	------------

Government Grant Reserve transferred(Note 2)	-	6,955,922
--	---	-----------

Public Donations and Contributions Reserve transferred(Note 2)	-	530,805
--	---	---------

Provision for Post Retirement Health Care Benefits(Note 39)	-	(32,836,693)
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Depreciation added back(Note 2)	-	(690,561)
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Provision for Long Service Awards(Note 39)	-	(2,286,174)
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# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>31. Prior period errors and adjustments (continued)</b>		
Prior year errors and adjustments (Note 31)	-	258,642
Determining of useful lives and recalculation of Depreciation	-	8,186,275
<b>Restated Balance</b>	<b>-</b>	<b>(283,653)</b>

### 32. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

#### Statement of financial performance

From the section Other income to the income Licences and Permits	-	2,180
From the section Other income to the section Government Grants	-	200,000
From General expenses to Employee Related Costs	-	85,876
From the section Other income to the section Government Grants	-	2,265,932
From Councillors Remuneration to General Expenses	-	50,118
From the section Other income to the expense of Repairs and maintenance	-	2,949,463

### 33. Unauthorised expenditure

Opening Balance	-	-
Unauthorised expenditure - current year (awaiting authorisation)	-	-
Overspending on the vote: Public Safety	137,240	-
Overspending on the vote: Finance & Admin	2,683,150	-
Overspending on the vote: Executive & Council	64,100	-
Environmental Health	334,001	-
Overspending on the vote: Planning & Development	75,200	-
Overspending on the vote: Waste Management	301,837	-
Overspending on the vote: Other	183,771	-
Approved by Council or condoned	(3,513,944)	-
	<b>265,155</b>	<b>-</b>

#### Details of Unauthorised expenditure – Current year

Incident	Disciplinary steps taken/criminal proceedings
During the year the municipality has to transfer financial resources between the different votes to maintain effective service delivery.	3,779,099

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>34. Fruitless and wasteful expenditure</b>		
Opening balance	1,637,104	1,637,104
Fruitless and wasteful expenditure current year	1,045,072	-
To be recovered – contingent asset	-	-
Approved by Council or condoned	(1,045,072)	-
	<u>1,637,104</u>	<u>1,637,104</u>

After the election on 5 March 2006 a new council was elected. The council decided to end the contract of the Municipal Manager that was valid until November 2007. Costs paid to the Municipal Manager, Condonement is still awaited

During the year, council decided to end the contract of the Municipal Manager, that was valid until 2011. An amount of R1 045 072 was paid to the Municipal Manager.

### 35. Irregular expenditure

Opening balance	3,019,229	3,019,229
Add: Irregular Expenditure - current year (awaiting condonement)	3,702,927	-
Less: Amounts condoned or written off by Council	(3,701,903)	-
Less: Amounts recoverable (not condoned)	-	-
	<u>3,020,253</u>	<u>3,019,229</u>

#### Details of Irregular Expenditure – Current year

Incident	Disciplinary steps taken/criminal proceedings	
Cllr PJ Jones - Fraudulent travel claims	Councillor Removed	1,024
Asset disposals not approved by council	None	1,231,962
Deviation from Council's Procurement Policy - See Appendix G for details	Under investigation	1,950,860
Contribution to Capital Replacement Reserve	None	519,281
		<u>3,702,927</u>

#### Details of Irregular Expenditure - R3 019 229

Consultant, Senzenina was appointed on a long term contract without following the tender procedures. The contract was allocated to put a Economic Development Strategy in place. The contract was terminated during 2006/07. Condonement was asked from National Treasury but no response has been received

### 36. In-kind donations and assistance

The Municipality did not receive any in-kind donations and assistance.

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
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### 37. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	133,751	109,826
Amount paid - current year	(133,751)	(109,826)
	<u>-</u>	<u>-</u>

#### PAYE and UIF

Current year subscription / fee	4,392,971	3,584,084
Amount paid - current year	(4,392,971)	(3,584,084)
	<u>-</u>	<u>-</u>

#### Pension and Medical Aid Deductions

Current year subscription / fee	5,391,503	8,876,588
Amount paid - current year	(5,391,503)	(8,876,588)
	<u>-</u>	<u>-</u>

#### VAT

VAT payable	<u>157,701</u>	<u>132,312</u>
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All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

During the year no Councillors' had arrear accounts outstanding.

### 38. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	<u>9,230,987</u>	<u>10,407,528</u>
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Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9 % and 15 % and will be repaid by 2021

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand

	2009	2008
--	------	------

### 39. Employee Benefits

#### Reconciliation of employee benefits - 2009

	Opening Balance	Additions	Total
Provision for bonus	746,259	192,620	938,885
Post Retirement - Health Care Benefits	32,836,693	368,246	33,204,939
Long Service Awards	2,286,174	122,613	2,408,787
	<b>35,869,126</b>	<b>683,485</b>	<b>36,552,611</b>

#### Reconciliation of employee benefits - 2008

	Opening Balance	Additions	Total
Provision for bonus	-	746,259	746,259
Post Retirement - Health Care Benefits	30,028,608	2,810,085	32,838,693
Long Service Awards	1,967,003	319,171	2,286,174
	<b>31,993,611</b>	<b>3,875,515</b>	<b>35,869,126</b>

Non-current liabilities	35,613,726	35,122,867
Current liabilities	938,885	746,259
	<b>36,552,611</b>	<b>35,869,126</b>

#### Non-Current provision

In terms of the rules of the medical aid scheme the municipality has an obligation to provide post retirement medical aid contributions to all former employees that qualify for this benefit.

Number of retired employees receiving this benefit	92	105
Amount paid to medical aid on behalf of these retired employees	2,029,790	1,835,358

#### 39.1. Provision for Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	121	103
Continuation members (e.g. Retirees, widows, orphans)	92	105
	<b>213</b>	<b>208</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	8,537,652	7,298,232
Continuation members	24,667,287	25,538,461
	<b>33,204,939</b>	<b>32,836,693</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
Hasmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R602,923, whereas the Interest Cost for the next year is estimated to be R2,971,765

# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2009	2008
<b>39. Employee Benefits (continued)</b>		
<b>i) Rate of interest</b>		
Discount rate	9.21 %	10.96 %
Health Care Cost Inflation Rate	7.39 %	9.78 %
Net Effective Discount Rate	1.69 %	1.09 %

### ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

### iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	-	-
Fair value of plan assets	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	33,204,939	32,836,693
	<b>33,204,939</b>	<b>32,836,693</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (g).

### Reconciliation of present value of fund obligation

Present value of fund obligation at the beginning of the year	32,836,693	30,026,608
Current service cost	689,483	566,087
Interest Cost	3,502,999	3,203,557
Benefits Paid	(1,777,142)	(1,618,765)
Actuarial (gains)/losses	(2,047,094)	659,206
	<b>33,204,939</b>	<b>32,836,693</b>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost components	752,200	487,500
Effect on the defined benefit obligation	37,445,000	29,670,000
	<b>38,197,200</b>	<b>30,157,500</b>

### 39.2 Provision for Long Service Awards

The Long Service Bonus plans are defined benefit plans. As at year end, 303 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R222,225, whereas the interest- Cost for the next year.

Key actuarial assumptions used:

### i) Rate of interest

9.12 %	10.97 %
6.60 %	9.13 %
2.37 %	1.69 %



# OVERBERG DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand	2008	2008
<b>39. Employee Benefits (continued)</b>		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	-	-
Fair value of plan assets	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	2,408,787	2,286,173
	<b>2,408,787</b>	<b>2,286,173</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund at the beginning of the year	2,286,174	1,967,003
Current service cost	226,897	210,788
Interest Cost	244,092	159,823
Benefits paid	(126,932)	(147,839)
Actuarial (gains)/losses	(221,444)	96,399
	<b>2,408,787</b>	<b>2,286,174</b>

The effect of a 1% movement in the assumed rate of salary inflation is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost components	504,916	440,510
Effect on the defined benefit obligation	2,576,000	2,258,000

### 39.3. Retirement funds

#### CAPE JOINT PENSION FUND

This fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R182,733 (R 200,209) million with a funding level of 106,5% (107,1%), and is in a sound financial state as at 30 June 2008.

#### CAPE JOINT RETIREMENT FUND

This fund comprises a defined benefit section and a defined contribution section. The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined contribution section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R12,033 (R 20,22) million with a funding level of 103,3% (105,3%) and is in a sound financial position as at 30 June 2008.

#### MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%). The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

#### RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund, SALA and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuations was done on 30 June 2008.

**APPENDIX A**  
**OVERBERG DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009**

EXTERNAL LOANS		Loan Rate	Loan Number	Redeemable	Balance at 2008/06/30	Received during the period	Redeemed written off during the period	Balance at 2009/06/30		
LONG-TERM LOANS					R	R	R	R	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
Total long-term loans					-	-	-	-	-	-
ANNUITY LOAN										
	Abasa	9.00%		30/06/2010	109,565		51,040	58,545	-	-
	Abasa	9.00%		30/06/2010	49,165		22,899	26,266	-	-
	Abasa	9.00%		30/06/2010	179,779		83,734	96,045	-	-
	Abasa	9.00%		30/06/2010	87,727		40,880	46,887	-	-
	Abasa	9.00%		30/06/2010	148,085		62,974	79,114	-	-
	Inca	14.21%		30/06/2011	3,741,664		1,080,439	2,661,225	-	-
	Inca	9.15%		31/12/2009	229,749		149,725	80,024	-	-
	Inca	8.30%		31/12/2014	3,290,381		391,867	2,898,594	-	-
	Inca	9.45%		31/12/2019	1,880,732		76,785	1,423,947	-	-
Total Annuity Loans					9,276,869	-	1,956,143	7,320,726	-	-
GOVERNMENT LOANS										
Total Government Loans					-	-	-	-	-	-
LEASE LIABILITY										
Vehicles and Equipment					1,130,659	779,602	-	1,910,261	-	-
					1,130,659	779,602	-	1,910,261	-	-
TOTAL EXTERNAL LOANS					16,407,528	779,602	1,956,143	9,236,987	-	-

Local stores grocery plant and equipment as at 30 June 2009

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SEDIMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

[illegible]

APPENDIX D  
OVERBERG DISTRICT MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30 June 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
1,904,861	6,710,566	-4,805,705	Executive & Council	1,451,143	10,493,829	-9,042,686
40,812,035	12,991,964	27,820,071	Finance & Admin	41,984,654	16,816,889	25,167,765
219,290	785,012	-565,721	Planning & Development	347,350	727,117	-379,767
95,495	95,495	-	Health	90,202	346,546	-256,343
1,088,704	3,055,799	-1,067,095	Community & Social Services	1,315,480	2,723,704	-1,408,223
-	-	-	Housing	-	-	-
257,973	10,035,788	-9,777,814	Public Safety	335,741	10,893,092	-10,557,351
9,332,204	8,511,344	820,860	Sport & Recreation	9,635,980	9,200,207	435,773
98,742	6,054,860	-5,956,118	Environmental Protection	90,302	7,062,978	-6,972,676
3,289,939	2,145,803	1,144,076	Waste Management	3,852,930	2,523,117	1,329,813
36,541,227	38,807,159	-2,265,932	Road Transport	32,724,885	32,635,635	89,230
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
32,018	1,302,848	-1,270,831	Other	70,629	1,405,249	-1,334,620
94,572,488	90,496,697	4,075,790	Sub Total	91,909,486	94,828,383	-2,918,877
-1,459,974	-1,459,974	-	Less Inter-Dep Charges		-1,713,690	1,713,690
93,112,514	89,036,724	4,075,790	Total	91,909,486	93,114,673	-1,205,187
			Add: Share of Associate			-1,205,187
		4,075,790				



APPENDIX E(1)

OVERBERG DISTRICT MUNICIPALITY  
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	0	0	0	0%	
Property rates - penalties imposed and collection charges	0	0	0	0%	
Service charges	4,371,979	4,305,920	66,059	2%	Increased due to annual tax 1 increase
Regional Service Levies - turnover	0	240,800	-240,800	-100%	Levy abolished
Regional Service Levies - remuneration	0	0	0	#DIV/0!	
Rental of facilities and equipment	9,442,365	8,728,540	713,825	8%	Increase due to annual tariff increase
Interest earned - external investments	2,287,258	2,536,000	-248,742	-11%	Lower due to less cash available for investment
Interest earned - outstanding debtors	16,993	2,300	14,693	639%	
Dividends received	30,410	0	30,410	#DIV/0!	
Fines	0	0	0	#DIV/0!	
Bad Debts Recovered	0	0	0	#DIV/0!	
Licences and permits	3,720	0	3,720	#DIV/0!	
Grants for agency services	3,438,540	3,255,100	179,900	6%	Higher due to higher subsidy increase
Government grants and subsidies	53,694,324	75,045,880	-21,351,556	-3%	
Other income	1,374,631	2,880,015	-1,505,384	-53%	
Public contributions, donated/contributed PPE	250	0	250	#DIV/0!	Donation received for Childrens Party
Gains on disposal of property, plant and equipment	0	0	0	#DIV/0!	
Actuarial Gains	2,208,538	0	2,208,538	#DIV/0!	Actuarial Gains for provision of post retirement benefits
Change in fair value	0	0	0	#DIV/0!	
Total Revenue	91,998,488	97,041,685	-5,043,197	0	
EXPENDITURE					
Executive & Council	10,493,829	12,450,202	-1,956,373	-16%	
Finance & Admin	18,616,889	14,135,739	4,481,150	16%	Mainly due to salary increases and necessary appointments
Planning & Development	727,117	952,436	-225,319	-24%	
Health	348,546	120,000	228,546	189%	
Community & Social Services	2,723,704	3,404,367	-680,663	-20%	We have received less on Global funding and spend less due to capacity constraints
Housing	0	0	0	#DIV/0!	
Public Safety	10,893,932	10,755,852	137,940	1%	
Sport & Recreation	9,230,258	10,085,992	-855,734	-9%	
Environmental Protection	7,552,578	7,540,718	11,860	0%	Higher due to salary increases
Waste Management	2,623,117	2,298,880	324,237	13%	The cost of the operator has increased (Waste Management)
Road Transport	32,595,636	38,671,000	-6,075,364	-16%	Due to time constraints for projects less was spent on roads
Water	0	0	0	#DIV/0!	
Electricity	0	0	0	#DIV/0!	
Other	1,435,245	1,221,479	213,766	18%	
Inter-departmental charges	-1,713,652	-4,436,923	2,723,271	-61%	
Total Expenditure	93,114,673	98,958,742	-5,844,070	-6%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	-1,205,187	82,942	-1,288,129	-1553%	

APPENDIX E(1)

OVERBERG DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

REVENUE	2008 Actual (R)	2008 Budget (R)	Variance (R)	Variance (%)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	-	-	0	0	#DIV/0!	
Property rates - penalties imposed and collection charges	-	-	0	0	#DIV/0!	
Service charges	3,677,756	3,871,520	-33,754	-1%	-1%	
Regional Service Levies - turnover	-	-	0	0	#DIV/0!	
Regional Service Levies - remuneration	-	-	0	0	#DIV/0!	
Rental of facilities and equipment	5,515,325	9,814,840	-3,998,315	-8%	-8%	
Interest earned - external investments	2,228,579	2,400,000	-171,421	-7%	-7%	
Interest earned - outstanding debtors	1,535	37,420	-35,885	-96%	-96%	
Dividends received	20,281	-	20,281	#DIV/0!	#DIV/0!	
Fines	-	2,350	-2,350	-100%	-100%	
Sad Debts Recovered	147,460	-	147,460	#DIV/0!	#DIV/0!	
Licenses and permits	2,810	-	2,810	#DIV/0!	#DIV/0!	
Income for agency services	3,230,455	3,353,180	-99,665	-3%	-3%	
Government grants and subsidies	70,746,755	73,297,950	-2,651,290	-4%	-4%	
Other income	1,187,296	2,069,760	-872,462	-42%	-42%	
Public contributions, donations/contributions PPE	-	-	-	#DIV/0!	#DIV/0!	
Gains on disposal of property, plant and equipment	-	-	-	#DIV/0!	#DIV/0!	
Change in fair value	0	-	0	0	#DIV/0!	
<b>Total Revenue</b>	<b>90,163,050</b>	<b>94,464,040</b>	<b>-4,300,990</b>	<b>-5%</b>	<b>-5%</b>	
<b>EXPENDITURE</b>						
Executive & Council	8,710,366	8,758,654	-2,328,088	-23%	-23%	
Finance & Admin	16,121,220	15,866,792	434,430	3%	3%	
Planning & Development	785,512	865,478	-75,407	-9%	-9%	
Health	95,455	153,000	-54,906	-36%	-36%	
Community & Social Services	3,555,756	3,797,941	-742,162	-20%	-20%	
Housing	-	-	0	0	#DIV/0!	
Public Safety	10,335,788	10,182,520	153,268	1%	1%	
Sports & Recreation	8,511,344	7,974,808	536,536	7%	7%	
Environmental Protection	2,254,850	7,695,739	-5,440,889	-21%	-21%	
Waste Management	2,145,853	2,290,490	-144,637	-6%	-6%	
Road Transport	35,857,898	35,908,890	-1,051,292	-3%	-3%	
Water	-	-	0	0	#DIV/0!	
Electricity	-	-	0	0	#DIV/0!	
Other	1,302,848	1,427,430	-124,582	-9%	-9%	
Inter-departmental charges	1,459,374	-1,581,830	2,141,204	8%	8%	
<b>Total Expenditure</b>	<b>89,216,519</b>	<b>94,092,112</b>	<b>-4,875,593</b>	<b>-5%</b>	<b>-5%</b>	
<b>NET SURPLUS/DEFICIT FOR THE YEAR</b>	<b>946,531</b>	<b>371,928</b>	<b>574,603</b>	<b>55%</b>	<b>55%</b>	

APPENDIX E(2)

OVERBERG DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual		2009 Actual Residual Value		2009 Under Construction		2009 Total Additions		2009 Budget		2008 Variance		2009 Explanation of Significant Variances	
	R		R		R		R		R		R		R	% (Explanations to be recorded)
Executive & Council	414,100	-	-	-	-	-	414,100	-	350,000	-	54,100	15.31%		
Finance & Admin	1,859,455	-	-	-	-	-	1,859,455	-	2,044,000	-	(174,545)	-8.54%		
Planning & Development	75,200	-	-	-	-	-	75,200	-	-	-	75,200	0.00%		Department was expanded and furniture was purchased
Health	-	-	-	-	-	-	-	-	-	-	-	0.00%		
Community & Social Services	-	-	-	-	-	-	-	-	-	-	-	0.00%		
Housing	-	-	-	-	-	-	-	-	-	-	-	0.00%		
Public Safety	139,280	-	-	-	-	-	139,280	-	140,000	-	(720)	-0.51%		
Sport & Recreation	243,865	-	-	-	-	-	243,865	-	325,000	-	(81,135)	-25.08%		
Environmental Protection	242,455	-	-	-	-	-	242,455	-	135,000	-	107,455	79.60%		Better Equipment was purchased to improve function.
Waste Management	18,400	-	-	-	-	-	18,400	-	-	-	18,400	0.00%		
Road Transport	-	-	-	-	-	-	-	-	-	-	-	0.00%		
Water	-	-	-	-	-	-	-	-	-	-	-	0.00%		
Electricity	-	-	-	-	-	-	-	-	-	-	-	0.00%		
Other	-	-	-	-	-	-	-	-	-	-	-	0.00%		
<b>Total</b>	<b>3,002,555</b>						<b>3,002,555</b>		<b>2,994,000</b>		<b>8,555</b>	<b>0.28%</b>		

**APPENDIX F**

**OVERBERG DISTRICT MUNICIPALITY**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance at 30-Jun-08	Contributions during year	Interest on investments	Operating expenditure during year Transferred to Revenue	Capital expenditure during year Transferred to Revenue	Transfers	Balance at 30-Jun-09
	R	R		R	R		R
Municipal Infrastructure Grant	64,364	3,000		R 3,120,00			64,244
Municipal Systems Improvement Grant	0	735,000		R 237,994,00			497,006
Finance Management Grant	831,490	500,000		R 293,503,82			1,037,986
Napier Tourism Office	1,127		111				1,238
Drought relief	0						-
Local Economic Development	16,433		1,613				18,046
Non-motorised transport	5,579		548				6,127
Spatial development framework	688,409		67,381				753,789
SETA training fund	502,419	R 158,654,40		R 125,149,06			533,925
Tourism routes	47,454		4,858				52,112
Human rights programme	78,173		7,674				85,847
Public Contributions Uitenhabsmond Sewerage	22,346						22,346
Fire brigade capacity building	0						-
Fire brigade ABI contribution	0						-
Kogelberg Biosphere	20,391		1,620				22,011
Breede River spatial development framework	11,026		1,082				12,108
Tourism workshops	15,743		1,545				17,288
Tourism projects	88,946		8,731				97,677
Housing training	172,957		16,978				189,936
SEDA funds	0						-
Global funds	0	1,311,419		R 1,311,419,00			-
Umsobomvu funds	0						(0)
CDW funds	36,980	50,000	2,913				52,913
Alcohol abuse	40,559	560,000		R 3,772,80			36,784
Management Support Grant				R 560,000,00			-
<b>Unspent conditional grants and receipts - End of year</b>	<b>2,642,396</b>	<b>3,318,073</b>	<b>114,365</b>	<b>2,571,941</b>	<b>-</b>	<b>-</b>	<b>3,501,383</b>



**APPENDIX G**  
**OVERBERG DISTRICT MUNICIPALITY**  
**DEVIATIONS FROM THE SUPPLY CHAIN MANAGEMENT PROCEDURES DURING THE 2008/09 FINANCIAL YEAR**

	DESCRIPTION	AMOUNT	REASON
1	Isuzu Parts	2,687.49	Sole Agent
2	Digger Loader Parts	10,520.76	Sole Agent
3	Sample Bottles	4,947.60	Sole Agent
4	Isuzu Parts	5,094.60	Sole Agent
5	Upgrading of Capman Program	12,882.00	Sole Agent
6	Sample Bottles	4,947.60	Sole Agent
7	Isuzu Parts	5,016.00	Sole Agent
8	Grader Parts	21,611.78	Sole Agent
9	Universal Joint Vehicle	2,600.00	Sole Agent
10	Isuzu Repairs	3,900.00	Sole Agent
11	Toyota Parts	2,435.04	Sole Agent
12	Grader Parts	4,874.78	Sole Agent
13	Digger Loader Parts	4,877.94	Sole Agent
14	Hydraulic Parts	2,508.00	Sole Agent
15	Digger Loader Parts	2,626.90	Sole Agent
		<b>91,420.49</b>	

**NASHUA MACHINES**

	SERIAL NUMBER	DATE	DEPARTMENT	LOAN AMOUNT
1	M0188607288	2008/07/31	Programme Management	50,800.00
2	Q4580100048	2008/07/31	Administration	9,200.00
3	L6877260912	2008/06/30	Administration	48,000.00
4	Q4580100155	2008/07/31	Administration	9,199.65
5	Q4571200010	2008/06/30	Tourism	18,400.00
6	Q8488100689	2008/07/31	Administration	100,000.00
7	M8583901096	2008/07/31	Administration	394,000.00
8	M0188510079	2008/07/31	Administration	56,800.00
9	M0188607350	2008/06/30	Administration	50,000.00
10	L6886261206	2008/06/30	Administration	70,800.00
11	Q4580100253	2008/07/31	Council Expenditure	9,200.00
12	Q4571200068	2008/06/30	Finance	18,400.00
13	Q4571100028	2008/06/30	Finance	18,400.00
14	L7086164613	2008/06/30	Finance	84,800.00
15	Q4571200116	2008/06/30	Municipal Health	18,400.00
16	Q4571100061	2008/06/30	Administration	18,400.00
17	Q4571200017	2008/06/30	Management Services	18,400.00
18	Q4571200072	2008/06/30	Finance	18,400.00
19	Q4571200173	2008/06/30	Council Expenditure	18,400.00
20	L6886360326	2008/06/30	Finance	68,800.00
21	Q4571200051	2008/06/30	Municipal Health	18,400.00
22	Q4571100059	2008/06/30	Municipal Health	18,400.00
23	L6886360322	2008/06/30	Finance	74,920.00
24	Q4580100076	2008/07/31	Roads	9,200.00
25	L7086183225	2008/06/30	Roads	76,720.00
26	M0188607328	2008/07/31	Roads	44,400.00
27	Q4571200091	2008/06/30	Roads	18,400.00
28	L6877260905	2008/06/30	Roads	84,800.00
29	L7086263478	2008/07/31	Fire Fighting	76,000.00
30	L6886261417	2008/06/30	Administration	54,800.00
31	Q4571200139	2008/06/30	Municipal Health	18,400.00
32	Q4571200186	2008/06/30	Municipal Health	18,400.00
33	M5074801221	2008/06/30	Administration	168,000.00
34	Q4571200079	2008/06/30	Administration	18,400.35
35	Q4571200161	2008/06/30	Finance	18,400.00
36	Q4571100033	2008/06/30	Karwyderskraal	18,400.00
37	Q4571200021	2008/06/30	Council Expenditure	18,400.00
				<b>1,859,240.00</b>